

Questions and Answers Regarding The Innovative Peak Load Reduction Program Application

June 6, 2001

www.energy.ca.gov/peakload

Q. Can a vendor of energy efficient equipment apply on behalf of several customers in order to aggregate enough projects to meet the minimum project size?

A. There are two decisions for the applicant to consider

1. Should I propose a 3rd party program to bring in customers or try to secure a grant?

There are pros and cons to either option

	Pros	Cons
Grants	1) Less paperwork than a contract 2) Faster approval than a contract 3) Incentive per kW is higher than a contract 4) Customer is eligible for bonus for early completion	1) Funds may be exhausted if project is not identified in a timely manner.
Contracts	1) Reserves a set amount of funds until projects are identified	1) Usually results in lower \$ per kW than grant.

2. If the vendor chooses to apply for a grant they have another choice:
Should I aggregate many customers in one grant application or have my customers apply for grant individually?

	Pros	Cons
Grants	1) Reduced amount of application paperwork 2) Projects less than 20 kW can be combined to qualify	1) Disbursement of funds will not occur until all projects are complete

Q. Can grant funds be used in conjunction with incentives from the local electric utility?

- A. It is possible to use funds from a utility program or other program in conjunction with this grant program as long as the savings are not double counted. If savings are being counted as a condition of receiving funds from the other source, those same savings cannot also be included in the estimated kW savings or supply augmentation reported in Section B of your application. Check with the source of funds to ascertain whether use of their funds obligates you to achieve a specific level of energy (kilowatt-hour) savings or demand (kilowatt) reduction, which is probably the case for most energy efficiency incentive programs.

One situation in which you can include demand savings from a project in your grant application that is also receiving funds from an electric utility program or other source is if the project has clearly separable components in which one component has costs and direct savings that were or will be funded from the utility, and the other has costs and directly attributable savings that qualify for funding for this grant. For example, if an applicant plans to retrofit office lighting using a rebate from his or her electric utility to upgrade to a more efficient lighting source and wishes to apply for a grant for control devices to automatically reduce the electric load of the improved lighting system by 25% by switching off one quarter of the lamps during peak hours, then only the savings attributable to the control devices may be included in the kW savings total in Section B.

To ensure that project savings are not double counted, the Energy Commission may compare program participation information with California electric utilities before and after grants are awarded. Failure to disclose other funding sources will be grounds for disqualification of applications.

Q. If an applicant is eligible for the 3% Loan Program, can they also apply for funds under the Innovative Program?

- A. The 3% loan program is based on dollar savings resulting from energy efficient projects. This would not be considered double dipping between the two programs. Eligible applicants can receive funds from the loan program and the innovative program, however they can only receive the incentive for early completion from one program.

Q. Can we receive a CEC loan and also get grant funds from this program?

A. Yes. Loans from any source may be used to finance the portion of projects costs not covered by the grant. The Energy Commission offers loans for local governments, special districts and public and non-profit schools, hospitals and care institutions that can be used to fund the balance of your project cost. Information on this program can be found at www.energy.ca.gov/efficiency/financing. Loans from other sources are also allowed for funding the balance of project costs not covered by the grant, as long as savings will not be double counted as described in the answer to the previous question.

Q. We are considering the installation of photovoltaic panels on our commercial office building. Would this qualify for your program?

A. Projects that generate electric power using solar or wind energy are not eligible under this program. Please visit the web site of The Emerging Renewables Buy-down Program at www.energy.ca.gov/greengrid.

Q. Would development of a co-generation project (either gas turbine or reciprocating engine) by a commercial entity to lower their electrical demand from a California utility qualify under this grant? The project would use natural gas as fuel to operate the co-generation units.

A. No. Fuel Switching is not eligible under this program. Electric generation that uses waste energy such as landfill gas or waste heat recovery from a co-generation plant would qualify for this grant program. Any project is eligible that reduces demand without causing a net increase in fossil fuel use on the site. This includes use of waste energy such as landfill gas that is currently being flared, use of available head in a pipeline, or waste heat from a process. Any fossil-fueled generation project that utilizes waste heat to reduce additional electric load can qualify for a grant that is based on the incremental cost and savings of the energy recovery portion of the project.

Q. Does it matter if a project is in the service territory of a municipal utility versus an investor owned utility?

A. No. Projects that are connected to the electrical grid and located anywhere within California are eligible.

Q. We are evaluating peak demand reduction potential for several local government facilities in a County. One potential project is to increase

power factor in order to reduce kVA. Would such a project be eligible for grant money in the Innovative grant solicitation?

- A. Despite the benefits of improved power factor, projects will be evaluated based on kilowatt savings, not apparent power (kVA). If measureable kilowatt savings will result that can be documented in your proposal, such as reduced power losses in conductors and transformers, then they may be included in the calculation of total kW savings.

Q. Does a project involving geothermal power generation qualify under this solicitation? More specifically, if a project proposes to conduct testing to demonstrate effectiveness of increased power generation (by increasing efficiency), would that qualify?

- A. Geothermal power generation does not qualify under this program. Only generation projects that utilize waste energy are eligible under this program.

Q. We are working with a company that has multiple sites in California. Are we allowed to combine all of their sites into one application rather than apply on an individual basis?

- A. Yes. In fact you are required to group all projects for the same applicant in one application and attach a list of all sites affected.

Q. If an applicant, such as a retail chain, has a large number of locations, in which similar work will be done. May we summarize the information in some way; to reduce the amount of redundant material required?

- A. If the work to be done at the various locations is similar; the applicant may provide detailed work statement information on one or more representative sites. If the work undertaken at all sites is the same, then one example is appropriate. If the work varies by site, information on more than one site may be necessary for evaluators to understand what will be undertaken, and the savings attributable that will result. The applicant should then provide site-specific estimates of energy savings and costs for all sites. Where the cost/savings estimates on a specific site are not yet documented through an audit or engineering review, the applicant should note that.

If a grant is awarded, the grantee may be required to provide detailed information from each site involved, depending on the nature of the projects.

Q. Is there any possible way to get an extension of the application deadline? The amount of work required in the short time frame is phenomenal.

A. Regretfully, it is not possible to extend the deadline at this time. We understand that this is an extremely challenging schedule for you as it is for our own staff. If we do not have enough qualified applications, and we have funds available, this deadline may be extended. Applications received after the deadline will be held until it can be determined if funds are still available.

Q. Would it be all right to send you the filled out application by email by the close of business on the 14th and then follow it up with a hard copy of the filled out application postmarked on the 15th?

A. No. We must receive the hard copies of your proposal by 4:00 p.m. June 15, 2001, including one original copy with an original signature from the applicant's designated representative. Regretfully, electronic copies received via email cannot be substituted for the signed hard copies of your application. The time frame is intentionally short in order to solicit as many qualified applications as possible in time to provide demand relief for this summer. After June 15, if funds are still available, we will extend the deadline.

Q. Will any penalties be assessed by the CEC if an applicant applies for the program and then needs to back out (either prior to, or after grant award) as a result of unforeseen circumstances such as insufficient lead time for equipment orders, insufficient labor resources, insufficient financial resources, etc.?

A. If an applicant is awarded a grant and pulls out, the funds will simply be awarded to the next qualified applicant. It is highly undesirable for grant funds to be tied up in a grant award for a project that is unlikely to be completed. Although no penalty will be assessed for canceling a project other than retraction of the grant award, the evaluation committee will look carefully at information provided under Criterion 5, Reliability of Load Impacts during the evaluation of your application. Any project that appears to carry a significant risk that it cannot be installed by June 1, 2002 will be disqualified.

In the event that the applicant intends to complete the project but determines that they cannot complete it by June 1, 2002, then the grantee must apply for an extension. The Efficiency Committee may grant an extension of up until July 15, 2002. In this case, the award will be reduced by 10%. If the grantee does not apply for an extension or, if the Committee does not find the extension is warranted, then the grant award will be terminated and invoices will not be reimbursed.